Putting the Mix into Mixed-use

An overview of the role of leisure and culture in Mixed-use Development

Seán Young

BIOTA!, Silvertown, London

"I want to go to Swindon because...- finish this sentence". In essence that was the brief for a joint Locum and GVA team working recently for Swindon Town Centre's URC. What should Swindon Town Centre's retail and leisure experience be? Crucially, what will help differentiate Swindon's Town Centre's offer from its competitors? An interesting challenge to say the least.

However, this is certainly not just an issue for Swindon. We are finding that these sorts of questions are being asked by the 'destination makers' in many towns and cities across the country. For the lucky ones, the differentiator is inherent in the place's unique location, architecture, natural landscape or other individual characteristic that are both marketable and attractive. For many others, it is more difficult to identify the unique selling point(s) to build on.

> "Leisure and culture has a key role to play in the ultimate success of mixed-use developments"

But what has this got to do with mixed-use development? Well, Swindon Town Centre is really a mixed-use development, just on a larger scale. Simon Bee argues as much in a subsequent article championing the cause for innovative and high quality design. The issues of what help differentiate one mixed-use development from another and what will encourage people to visit (for one reason or another) are just as relevant and important for towns and cities as they are for the latest mixed-use development schemes that are popping up all round the country.

In this article, and in many of the articles in this latest issue of Locum Destination Review, it is argued that leisure and culture have a key role to play in the ultimate success of mixed-use developments. Indeed, I will argue in particular that leisure and culture can really help 'put the mix into mixed-use', create footfall, act as the key competitive differentiator and, ultimately, raise values.

Lets start with some theory: How do you make a Development into a Destination? Somewhere you want to live. Somewhere you want to work. Somewhere you want to invest. Somewhere worth leaving home for.

At Locum, we believe that there are a number of critical ingredients that, if mixed together appropriately, provide the recipe for a 'great place' – a destination.

1. **Attractors —** which help create awareness of the destination and attract market interest. They are the iconic buildings discussed in Douglas Clarke's article and the major retail, leisure and cultural facilities and events that actively motivate visits.
2. **Infrastructure —** which helps create a sense of place and ensure the smooth operation of the destination. This includes transport, parking, signage, interpretation, public realm, public spaces, user amenities, and so on.
3. **Services —** which cater to visitors' and residents' needs, help create activity and, ultimately, increase spending. These include hotels, cafes, bars, shops, event programmes, and also day to day services such as cleaning, security and customer care.
4. **Destination Brand —** which captures all of these elements of the destination experience, the 'perception of place', to present it to its markets. A successful destination brand articulates ambition, raises perceptions and expectations, and delivers on this promise.
5. **Integrated Management —** continued success and long-term sustainability of a destination demands an holistic management approach to planning, development, operations, brand management, marketing, customer care, etc.

A Destination that brings all of these elements together in response to market need, and in a way that encourages social interaction, celebration and activity, is on the road to success.

The role and importance of each of these ingredients warrant a full article in their own right.

In the space available here I'd like to take a look at the 'Attractors' element in the mix. The traditional approach to this has been straight forward and well understood by the development community. Mark a plot on the masterplan for 'commercial leisure' and wait for the market to respond. The multiplex has been the traditional anchor for such schemes guaranteeing in the region of half a million visits a year and supporting a range of retail and catering outlets and a mix of supporting leisure such as bowling, health & fitness and so on. This is fine and appropriate for many schemes, but it is not new anymore. The same old formula is being rolled out across the country so that they are simply the norm.

Traditional Attractors	New, Differentiated Attractors
• Cinema	• Visitor attractions
• Bowling	• Cultural and arts venues
• Health & Fitness	• Arenas
• Casino	• Conference centres
• Destination Hotel	• Learning centres

Consumer demands are changing

We are more sophisticated with greater experience world-wide. We want new and different products to spend our higher levels of disposable income. Visitor attractions, cultural venues and learning centres are all different and all unique. They cannot be homogenised and can really provide a competitive differentiation. Just look at Yerba Buena Gardens in San Francisco, Covent Garden and Cardiff Bay to name a few. Interestingly they all have a number of cultural and leisure attractors creating a vibrant and dynamic critical mass of attractors and activities.

However, to say that they are not as simple to deliver as your traditional multiplex is a major understatement. The market won't deliver these new destination anchors on its own. They require a true public and private sector joint approach which combines public sector funds and political will, with private sector know-how and enabling development (if they simply become s106 millstones around a developer's neck then we have all missed the point).

But we believe that it is worth the effort for the following 4 key reasons:

a. Raising Profile and Brand Awareness

Leisure and Cultural destinations have some of the strongest destination brands in the UK. For example, Tate Modern or the Lowry have earned more column inches than any commercial leisure development than I can think of. Surely the Guggenheim and Eden are as well known as many of today s great commercial brands.

In essence, these unique leisure and cultural 'attractors' help establish profiles way beyond what could be expected from a traditional development. As Douglas Clarke says in his article, they get you noticed and help you stand out from the crowd.

b. Creating Footfall and Increasing Dwell Time

These unique attractors give people a special reason to make a visit to the destination. The leisure and cultural attractions in Cardiff Bay have helped increase consumer footfall from c. 200,000 visits in 1990 to over 2m visits in 2000, and a claimed 3m visits in 2005.

A major new indoor sports and event facility at Ravenscraig, Scotland, together with one or two further major leisure anchors are going to attract visitors from a regional catchment as well as provide a service for residents and employees alike.

c. Improving Quality of Life

We all know that one of the most valuable resources a development can offer an investor is talent and we all know, intuitively, that 'quality of life' is a key locational factor for the talented 'creative class'. Turner Contemporary is adding to the cultural offer of East Kent to help employers such as Pfisers and Saga recruit and retain staff. Camden Town has witnessed growth in office and residential rents above the UK IPD average (Investment Property Databank index).

d. Raising Values

That's all well and good I hear you say - it's nice to have a good brand and profile, it's nice to attract a lot of visitors and of course it's nice to provide a better quality of life for the people who will live and work in and around the development, but 'show me the money' - does it make commercial sense?

Camden Lock, London

The simple answer is yes, it is worthwhile, but, and this is still a major stumbling block in the UK, it requires a longer term view from both the public and private sector development partners. The private developer needs to believe that higher financial return flows from growth in reputation of a development, which in turn drives further footfall and spend, which in turn raises values over time. At Locum we like to call this the Destination Effect! The public sector partner needs to recognise that an initial capital investment in these new leisure and cultural 'attractors', which deliver significant cultural, educational and economic benefits, may not be enough in isolation. There may be a requirement for revenue support or regular investments to keep the experiences fresh and inviting.

Covent Garden, Darling Harbour and Baltimore Waterfront are all good examples. So is the more recent development by the Cityscape Development Corporation at Toronto's Historic Distillery District. The developer turned down 8 out of 10 occupiers that approached it for space as they were adamant that arts and cultural uses and activities would act as the catalyst for long-term success. They accepted below average returns at the beginning, but with significant profile and greater footfall, values are increasing steadily.

At last there is some scientific research emerging that adds further evidence to the commercial benefits of investing in cultural attractors. Ryerson University and Toronto Artscape studied the process of change between 1996 to 2001 in an area of 1 sqkm around the Stanley Theatre, which opened in Vancouver in 1998. The average sale price of housing increased from well below the Vancouver average in 1996 to above the average in 2002. There was significant change in the retail fabric of the area with total retail sales up from \$103m in 1998 to \$216m in 2000. The number of restaurants, cafés and bars increased by 21%. All this from just one theatre – what could the effects be from a Turner Contemporary, a Lowry, or a Guggenheim? (A full case study is provided by John Nurick on page 48).

> "The private developer needs to believe that higher financial return flows from growth in reputation of a development"

I remember discussing this at length with Doug Weston, Business Development Director at Taylor Woodrow and Locum's Non Executive Director. Doug told me that Locum needs to identify the 'enlightened developer' who will fund for the long-term. Of course, housing is always going to be a key driver of any mixed-use scheme and early sales may be necessary to support the developer's cashflow. But turnover rents and a high proportion of leasing will allow the enlightened developer to benefit from the rising values over the longer term – Chris Brown of Igloo Regeneration confirms as much in his article.

I hope that these arguments, and the remaining articles in this special issue of Locum Destination Review, go some way to champion the role that leisure and culture can play in mixed-use. As I said earlier, all I have covered here is the "Attractors" element of the mix – high quality and differentiated infrastructure, services and branding are just as important. It's time to think imaginatively about how leisure and culture can ensure each development is genuinely unique (individuality is good) and help make more people come back more often and spend more money.

But what about Swindon? Well, we are carrying out our destination audit looking at current and potential market behaviour and at the strengths and weakness of the Town Centre's Attractors, Infrastructure, Services, Branding and Management. The town has much to do but has a better offer (particularly from a retail point of view) than its brand profile suggests. The good news is that regeneration issues are being addressed and the key role that innovative cultural facilities, activities and events could play in differentiating the town's offer is recognised. For a town that led the innovation of the railways over 150 years ago, Swindon will be innovative again to ensure it can play its true role in the region's economy.

Ravenscraig, Scotland

Seán Young is Managing Director of Locum Consulting

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